

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 EB-07 COME-00 TRSE-00 OMB-01

/038 W

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R 021655Z JUL 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8646

INFO AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL FLORENCE UNN

AMCONSUL GENOA UNN

AMCONSUL TRIESTE UNN

AMCONSUL TURIN UNN

AMCONSUL PALERMO UNN

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E.O. 11652: N/A

TAGS: EGEN, PINT, IT

SUBJECT: CARLI TO BECOME PRESIDENT OF CONFINDUSTRIA

SUMMARY: EX-BANK OF ITALY GOVERNOR GUIDO CARLI WAS NOMINATED JUNE 30 TO BECOME PRESIDENT OF ITALIAN PRIVATE-INDUSTRIALISTS ASSOCIATION CONFINDUSTRIA. CARLI'S DOMESTIC AND INTERNATIONAL STATURE WILL ASSURE THAT PRIVATE INDUSTRY'S VIEWS WILL BE HEARD, ALTHOUGH CARLI'S LACK OF POLITICAL CREDENTIALS MAY HANDICAP HIS EFFORTS IN THAT SPERE. GENERAL REACTION TO HIS NOMINATION IS ON BALANCE FAVORABLE, WITH UNION REPRESENTATIVES AND LEFT GENERALLY INCLINED TO BE NEGATIVE. END SUMMARY.

1. BEGIN UNCLASSIFIED: IN SURPRISE MOVE JUNE 30, GOVERNING BOARD OF CONFEDERATION OF ITALIAN INDUSTRY -CONFINDUSTRIA, REPRESENTING MOST PRIVATELY-HELD ITALIAN COMPANIES, APPROVED BY 76-9 (INCLUDING 6 BLANK BALLOTS)  
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VOTE EX-BANK OF ITALY GOVERNOR GUIDO CARLI TO BE THE NEW

PRESIDENT OF CONFINDUSTRIA. NOMINATION WILL BE FORMALLY RATIFIED AT JULY 22 GENERAL ASSEMBLY. OUTGOING PRESIDENT GIANNI AGNELLI HAD SELECTED CARLI TO REPLACE PREVIOUSLY AGREED-UPON SUCCESSOR BRUNO VISENTITI, WHO RENOUNCED CONFINDUSTRIA POST TO BECOME REPUBLICAN PARTY (PRI) SENATOR FROM TORINO. NOMINATION OF CARLI, WHICH HAD BEEN ARRANGED IN VIRTUALLY COMPLETE SECRECY, WAS GREETED WITH OVATION FROM DELEGATES. CARLI IS FIRST NON-ENTREPRENEUR TO RECEIVE POST.

2. AT PRESS CONFERENCE FOLLOWING DESIGNATION, CARLI SAID THAT HE HAD ACCEPTED AGNELLI'S OFFER IMMEDIATELY BUT WITH "FEELINGS OF SURPRISE, CONFUSION AND PERPLEXITY". CARLI WENT ON TO POINT OUT THAT DURING HIS 15-YEAR GOVERNORSHIP OF BOI, HE HAD OFTEN TAKEN POSITIONS CONTRARY TO THOSE TAKEN BY BUSINESS; HOWEVER, HE EMPHASIZED THAT SPACE MUST BE CREATED IN ITALIAN ECONOMIC SCENE FOR PRIVATE INDUSTRY, PARTICULARLY SMALL AND MEDIUM INDUSTRY, TO EXERCISE ITS CREATIVITY. CARLI ENDORSED THE CONTROVERSIAL "SOCIAL PACT"(PATTO SOCIALE-INCOMES POLICY TO BE NEGOTIATED WITH UNIONS) AND CALLED FOR CONTAINMENT OF PUBLIC DEBT AND REGULATION OF PUBLIC SPENDING. CARLI ALSO CALLED FOR PARLIAMENT TO ADDRESS ITSELF TO THOSE ISSUES LEGITIMATELY WITHIN ITS SPHERE BY WHICH, IN RECENT YEARS, HAVE TENDED TO BE RESOLVED DIRECTLY BETWEEN THE SOCIAL FORCES INVOLVED (I.E. LABOR UNIONS WITH EMPLOYERS). AT SAME TIME, CARLI SUPPORTED CONCEPT OF DIRECT DIALOGUE BETWEEN UNION CONFEDERATIONS AND CONFINDUSTRIA.

3. PUBLIC REACTION IS UNIVERSALLY ONE OF SURPRISE; BEYOND THAT, GENERALLY FAVORABLE. CARLI'S HIGH DOMESTIC AND INTERNATIONAL STATURE RECOGNIZED BY PRESS IRRESPECTIVE OF POLITICAL ORIENTATION. LEFTIST ROME DAILY IL MESSAGGERO SALUTES CARLI'S DETERMINATION TO TAKE UP DOMESTIC ITALIAN MATTERS (IT HAD LONG BEEN RUMORED THAT CARLI WOULD TAKE A POSITION ABROAD). ACCORDING TO PRESS, TO PRESS REACTION BY SECTOR: (A) UNION REPRESENTATIVES QUOTED IN PRESS WERE RESERVED AND ON BALANCE, NEGATIVE. CHRISTIAN DEMOCRAT ORIENTED UNION CISL HAD NO COMMENT; COMMUNIST PARTY (PCI) DOMINATED CGIL'S SECRETARY GENERAL PIERO BONI EXPRESSED SHARP SURPRISE AND OBSERVED THAT CONFINDUSTRIA HAD CHOSEN A "TECHNOCRATIC" LIMITED OFFICIAL USE

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SOLUTION WHICH RISKED LEAVING " MANY PROBLEMS UNSOLVED". METALWORKERS UNION REP BENVENUTO OBSERVED TO IL MESSAGGERO THAT CARLI'. BOI MONETARY POLICY WAS FREQUENTLY TOUGH ON THE UNIONS BUT ON PLUS SIDE, CARLI WAS ALSO MODERNIZING FORCE. FOR BENVENUTO, FORMER OUTWEIGHTED THE LATTER. IL MESSAGGERO CONCLUDED THAT UNIONS, BY AND LARGE, WOULD HAVE PREFERRED ANOTHER SOLUTION, PERHAPS ONE MORE CLOSELY LINKED TO INDUSTRIAL CIRCLES.

(B) POLITICAL PARTY REACTION CAUTIOUS; CARLI JUDGED POSITIVELY BY CENTER PARTIES AND VIEWED WITH CONSIDERABLE RESERVE BY THE LEFT. CHRISTIAN DEMOCRATIC-DC SPOKESMAN SPERANZA SAID THAT CHOICE OF CARLI WOULD GIVE GREATER WEIGHT TO ROLE OF FREE ENTERPRISES; PRI CHIEF LA MALFA VIEWED CHOICE AS INDICATING WILLINGNESS OF PRIVATE ENTERPRISE TO CONTRIBUTE TO SOLUTIONS WHICH WILL RESOLVE ITALY'S ECONOMIC PROBLEMS. SOCIALIST PARTY-PSI SPOKESMAN CASSOLA LINKS CARLI NOMINATION WITH UMBERTO AGNELLI'S ELECTION TO PARLIAMENT AS EFFORT BY PRIVATE INDUSTRY TO ASSERT HEGEMONY OVER ITALIAN ECONOMIC SYSTEM. PCI ECONOMIC SPOKESMAN BARCA ASSERTED CARLI'S SELECTION WILL NOT OF ITSELF HELP CONFINDUSTRIA TO DEFINE A COHERENT POLICY WHICH INDUSTRY SO FAR LACKS.

(C) INDUSTRIALISTS GENERALLY SATISFIED, ALTHOUGH THERE WAS SOME MUTED CARPING AT THE "GAULLIST" MANNER IN WHICH CARLI WAS SELECTED. CARLI'S PRESTIGE HAS ENDED MANEUVERING WITHIN CONFINDUSTRIA WHICH WOULD HAVE IMPOSED EITHER TRANSITIONAL PRESIDENT OR CANDIDATE MORE CLOSELY LINKED TO POLITICAL PARTIES OR ONE OR ANOTHER OF EXISTING DIVISIONS WITHIN CONFINDUSTRIA. CARLI'S PAST POSITIONS AGAINST OVERWEANING STATE ROLE NOTED WITH SATISFACTION. PRESS REPORTED THAT CARLI'S NOMINATION WAS APPROVED AFTER AGNELLI HAD SOLICITED OPINIONS ONLY OF MOST NOTABLE ITALIAN INDUSTRIALIST SUCH AS PIRELLI, CEFIS (MONTEDISON) AND DE BENEDETTI (LIKE AGNELLI, FIAT). END UNCLASSIFIED.

4. BEGIN LIMITED OFFICIAL USE. COMMENT: CARLI'S DOMESTIC AND INTERNATIONAL PRESTIGE INSURES THAT HIS VOICE WILL BE HEARD AND THAT CONFINDUSTRIA'S IMPORTANCE AND PRESTIGE, REGAINED UNDER AGNELLI AFTER YEARS OF SECOND-RATE LEADERSHIP, WILL BE MAINTAINED. FOR CONFINDUSTRIA, CHOICE OF CARLI INDICATES THAT DYNAMIC POLICY LINE INITIATED BY AGNELLI WILL CONTINUE. UNDER CARLI, CONFINDUSTRIA LIKELY LIMITED OFFICIAL USE

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TO CONTINUE TO MAINTAIN ITS DISTANCE FROM OVERLY CLOSE POLITICAL IDENTIFICATION WITH ANY SINGLE POLITICAL PARTY. PRACTICAL EFFECT OF THIS IS TO LESSEN POTENTIAL TIES WITH DC (AS REPRESENTED, FOR INSTANCE, BY UMBERTO AGNELLI CANDIDACY ON DC TICKET).

5. IF CARLI HAS DEFECTS, THEY MAY BE ON THE POLITICAL SIDE. ALTHOUGH CARLI IS BELIEVED SYMPATHETIC TO THE PRI (THERE WAS SOME PRE-ELECTION DISCUSSION THAT HE WOULD RUN ON THE LAY COALITION (LIBERAL-PLI-SOCIAL DEMOCRATIC-PSDI/PRI SLATE) DURING HIS BOI GOVERNSHIP, HE WAS PRIMARILY KNOWN AS AN APOLITICAL TECHNOCRAT. WHILE THIS RAISES SOME DOUBTS AS TO CARLI'S ABILITY TO ADEQUATELY DEFEND PRIVATE INDUSTRY INTERESTS IN PARLIAMENTARY AND POLITICAL CIRCLES, IN THE ABSENCE OF CLEARLY DEFINED POLITICAL SITUATION, CARLI IS

POSSIBLY THE BEST THAT COULD HAVE BEEN CHOSEN.

6. MORE SURPRISING EVEN THAT THE CHOICE OF CARLI IS THAT HE ACCEPTED THE POSITION. CARLI IS NOT LINKED WITH INDUSTRIAL INTERESTS AND THE CONFINDUSTRIA POSITION IS RATHER BELOW WHAT HE MIGHT HAVE EXPECTED. HIS DOMESTIC STANDING IS SUCH THAT HE IS A PRIME CANDIDATE FOR PUBLIC SERVICE, PERHAPS A MINISTERIAL PORTFOLIO (IN A GOVERNMENT OF TECHNICIANS) OR POSSIBLY IN CONNECTION WITH ANY EMERGENCY ECONOMIC PLAN WHERE CARLI'S INTERNATIONAL CREDENTIALS WOULD BE HIGHLY REASSURING TO FOREIGN OFFICIAL AND NON-OFFICIAL LENDERS. CONFINDUSTRIA WILL PROVIDE CARLI A PLATFORM FROM WHICH TO EXPRESS HIS IDEAS ON THE STATE OF THE ITALIAN ECONOMY AND POLITICAL SITUATION, BUT HE MAY FIND IT SOMEWHAT LIMITING. VOLPE

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESIDENT, SPECIAL ELECTIONS  
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**Copy:** SINGLE  
**Draft Date:** 02 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 APR 2004 by izenbei0>; APPROVED <26 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CARLI TO BECOME PRESIDENT OF CONFINDUSTRIA SUMMARY: EX-BANK OF ITALY GOVERNOR GUIDO CARLI WAS NOMINATED  
**TAGS:** EGEN, PINT, IT, ITALIAN INDUSTRY CONFINDUSTRIA, (CARLI, GUIDO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006